

# Housing Authority of the City of Redding

Redding, California

*Basic Financial Statements  
and Independent Auditors' Reports*

*For the year ended June 30, 2009*

# Housing Authority of the City of Redding

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## INDEPENDENT AUDITORS' REPORT

To the Affordable Housing Commission  
of the Housing Authority of the City of Redding  
Redding, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Redding Housing Authority (Authority), a component unit of the City of Redding (City), as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Authority as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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To the Affordable Housing Commission  
of the Housing Authority of the City of Redding  
Redding, California  
Page Two

The accompanying Required Supplementary Information, such as management's discussion and analysis, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

*Capricci & Carson*

Oakland, California  
December 9, 2009

**Housing Authority of the City of Redding**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2009**

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As management of the Housing Authority of the City of Redding (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ending June 30, 2009. The management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address future challenges), (d) identify any material deviations from the financial plan (approved budget), and (e) identify individual fund issues or concerns.

## **FINANCIAL HIGHLIGHTS**

- The Authority's net assets decreased by \$639,623.
- As of the close of the current fiscal year, the Authority's funds reported combined ending fund balances of \$1,892,311 which is a decrease of \$562,035 in comparison with the prior year. All of the Authority's fund balance is required to be used for Housing activities.
- Total operating expenses of all of the Authority's programs were \$9,149,014 for the fiscal year.

## **USING THIS FINANCIAL REPORT/OVERVIEW OF REPORT**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The government-wide financial statements consist of the following parts:

**Statement of Net Assets:** This statement presents information on all of the Authority's assets and liabilities, with the difference between the two reported as **net assets**. Over time, the change in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**Statement of Activities:** This statement presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal periods (e.g., uncollected grants and earned but unused comp time and vacation leave).

**Housing Authority of the City of Redding**  
**Management's Discussion and Analysis, continued**  
**For the year ended June 30, 2009**

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The Authority adopts an annual appropriated budget at the entity-wide level. A budgetary comparison statement has been provided for the Authority to demonstrate compliance with this budget.

The government-wide financial statements can be found on pages 12-13 of this report.

**Fund Financial Statements**

A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund financial statements to demonstrate compliance with finance-related legal requirements. All of the funds of the Authority are governmental funds.

**Governmental Funds:** These funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The Authority is a Section 8 only housing authority, providing rental assistance and home purchase assistance to qualified residents. Since the Authority does not own or operate rental property, the Mod-Rehab and Section 8 Voucher programs are each reported as special revenue funds.

The governmental fund financial statements can be found on pages 16-19 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-27 of this report.

**Housing Authority of the City of Redding**  
**Management's Discussion and Analysis, continued**  
**For the year ended June 30, 2009**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. The following schedule displays a summary breakdown of the Authority's net assets as of June 30, 2009 and 2008:

|  | Condensed Statement of Net Assets |              |
|--|-----------------------------------|--------------|
|  | 2009                              | 2008         |
| Current assets                                     | \$ 1,914,493                      | \$ 2,478,395 |
| Non-current capital assets                         | 37,200                            | 49,918       |
| Other non-current assets                           | 171,708                           | 231,934      |
| Total assets                                       | 2,123,401                         | 2,760,247    |
| <br>   |                                   |              |
| Current liabilities                                | 186,759                           | 205,115      |
| Non-current liabilities                            | 95,191                            | 74,058       |
| Total liabilities                                  | 281,950                           | 279,173      |
| <br>   |                                   |              |
| Net Assets:  |                                   |              |
| Invested in capital assets,<br>net of related debt | 37,200                            | 49,918       |
| Restricted   | 529,103                           | 1,258,599 *  |
| Unrestricted                                       | 1,275,148                         | 1,172,557 *  |
| Total net assets                                   | \$ 1,841,451                      | \$ 2,481,074 |

\* Restated to show only net assets restricted for HAP as restricted.

The Authority's net assets decreased to \$1.84 million from \$2.48 million, a decrease of 26%. The decrease is primarily in the Section 8 program. During the fiscal year the Housing Authority increased the number of units that it was assisting. The number of units assisted temporarily exceeded the level that can be sustained over an indefinite period of time. This resulted in the restricted net assets being decreased by \$729,496. Management adjusted the amount paid per unit being assisted. It is the intention of management during the 2009-10 fiscal year to stabilize the number of units assisted near the 1528 units that is authorized by the Department of Housing and Urban Development (HUD), but at a lower level of assistance per unit, in order to maximize the number of tenants benefiting from this program.

**Housing Authority of the City of Redding**  
**Management's Discussion and Analysis, continued**  
**For the year ended June 30, 2009**

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The following schedule displays a comparison of 2008-09 and 2007-08 fiscal year revenues and expenses for the Authority:

Condensed Statement of Activities and Changes in

|                      | 2009                | 2008                |
|----------------------|---------------------|---------------------|
| Administrative       | \$ 1,122,743        | \$ 994,959          |
| Rental assistance    | 8,026,271           | 6,322,465           |
| Total expenses       | <u>9,149,014</u>    | <u>7,317,424</u>    |
| Operating grants     | 8,404,286           | 7,666,179           |
| Investment and Other | 105,105             | 113,114             |
| Total revenues       | <u>8,509,391</u>    | <u>7,779,293</u>    |
| Change in net assets | <u>(639,623)</u>    | 461,869             |
| Beginning net assets | 2,481,074           | 2,019,205           |
| Ending net assets    | <u>\$ 1,841,451</u> | <u>\$ 2,481,074</u> |

Administrative expenses increased in the fiscal year ended 2009 partially due to annual increases and partially due to the increased personnel costs associated with leasing-up (adding additional tenants served). In 2008 the Housing Authority began an effort to increase its lease-up (the number of families receiving rental assistance). HUD responded with some additional funding (operating grants). A portion of these grant funds are one-time (split between the 08-09 and 09-10 fiscal years) and management expects to see a reduction in grant revenues after the 2009-10 fiscal year.

**BUDGETARY HIGHLIGHTS**

The Authority's budget is approved at the entity-wide level. Since the Authority is a component unit of the City of Redding, it is budgeted as a special revenue fund of the City.

The Authority prepares a biennial budget prior to knowing its annual subsidy grant from HUD. Actual amounts received from HUD vary from initial projections. In addition, the Authority began the lease-up mentioned previously. Accordingly, the Authority increased its expenditure budget to allow for additional HAP payments. The expenditure budget increased from an original \$6.80 million to a final amended budget of \$9.07 million during the year.

## **ANALYSIS OF GOVERNMENTAL FUNDS**

The Authority reports each program as a fund in order to segregate and track restricted funds.

General Fund: The Authority's General Fund is used to track resources that do not belong to a HUD program, but that are a part of the City of Redding's Housing Authority Fund.

MOD 2 - Special Revenue Fund: The Mod Rehab 2 program ended in 2005-06. The final settlement was received in the 2008-09 fiscal year. The fund ended with a negative fund balance. The negative fund balance is related to allocation of administrative expenses in prior years. The negative balance was closed out to the Section 8 Voucher program at year-end by means of a transfer.

Section 8 Voucher - Special Revenue Fund: The Section 8 program's fund balance decreased from a beginning balance of \$1,348,163 to \$752,125. The administrative portion of the fund increased by \$134,850. The housing assistance portion of the fund decreased by \$730,888.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The Authority is unable to predict, beyond a given Congressional budget cycle, what funds will be available to administer the Section 8 program. At June 30, 2009 the Authority has cash reserves for approximately 2 months of administrative expenses and less than 1 month of HAP expenses.

**Housing Authority of the City of Redding  
Management's Discussion and Analysis, continued  
For the year ended June 30, 2009**

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**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. This report can be found on the City of Redding website, [www.ci.redding.ca.us](http://www.ci.redding.ca.us) under City Departments, Finance. Questions concerning any information provided in this report or request for additional financial information should be directed to:

The City of Redding - Finance Department  
777 Cypress Avenue  
Redding, CA 96001

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Housing Authority of the City of Redding**  
**Statement of Net Assets**  
**June 30, 2009**

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>                                   |                            |
| Current assets:                                 |                            |
| Cash and investments                            | \$ 1,059,190               |
| Receivables:                                    |                            |
| Interest  | 3,526                      |
| Damage claims and overpayments                  | 41,483                     |
| Intergovernmental receivable                    | 718,191                    |
| Restricted assets:                              |                            |
| Cash  | 92,103                     |
| Total current assets                            | <u>1,914,493</u>           |
| Noncurrent assets:                              |                            |
| Intergovernmental receivable                    | 169,856                    |
| FSS emergency loans receivable                  | 1,852                      |
| Capital assets, net of depreciation             | <u>37,200</u>              |
| Total noncurrent assets                         | <u>208,908</u>             |
| <b>Total assets</b>                             | <u><u>2,123,401</u></u>    |
| <b>LIABILITIES</b>                              |                            |
| Current liabilities:                            |                            |
| Accounts payable                                | 1,275                      |
| Accrued liabilities                             | 44,020                     |
| Intergovernmental payable                       | 15,946                     |
| Deposits  | 92,103                     |
| Compensated absences                            | <u>33,415</u>              |
| Total current liabilities                       | <u>186,759</u>             |
| Noncurrent liabilities:                         |                            |
| Compensated absences                            | <u>95,191</u>              |
| Total current liabilities                       | <u>95,191</u>              |
| <b>Total liabilities</b>                        | <u><u>281,950</u></u>      |
| <b>NET ASSETS</b>                               |                            |
| Invested in capital assets, net of related debt | 37,200                     |
| Restricted for:                                 |                            |
| Housing   | 529,103                    |
| Unrestricted                                    | <u>1,275,148</u>           |
| <b>Total net assets</b>                         | <u><u>\$ 1,841,451</u></u> |

See accompanying Notes to the Basic Financial Statements.

**Housing Authority of the City of Redding**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2009**

| <u>Functions/Programs</u>     | Program Revenues |                      |                                    |                                     |                        | Net (Expenses)<br>Revenue and<br>Change in Net<br>Assets |
|-------------------------------|------------------|----------------------|------------------------------------|-------------------------------------|------------------------|--|
|                               | Expenses         | Charges for Services |                                    | Operating Grants &<br>Contributions |                        |  |
|                               |                  | FSS<br>Forfeitures   | Overpayments<br>& Damage<br>Claims | Grants                              | Restricted<br>Interest |  |
| Governmental activities:      |                  |                      |                                    |                                     |                        |  |
| Rental assistance             | \$ 8,026,271     | \$ 2,723             | \$ 13,503                          | \$ 7,263,474                        | \$ 17,075              | \$ (729,496)   |
| Administration                | 1,122,743        | -                    | -                                  | -                                   | -                      | (1,122,743)  |
| Total governmental activities | \$ 9,149,014     | \$ 2,723             | \$ 13,503                          | \$ 7,263,474                        | \$ 17,075              | \$ (1,852,239)   |

**General revenues:**

|   |              |
|---|--------------|
| Operating grants not restricted to a specific program | 1,140,812    |
| Refunded overhead allocation                          | 29,805       |
| Overpayments & damage claims                          | 13,502       |
| FSS emergency loan fees                               | 65           |
| Unrestricted investment earnings                      | 28,432       |
| Total general revenues and transfers                  | 1,212,616    |
| Change in net assets                                  | (639,623)    |
| Net assets - beginning of year                        | 2,481,074    |
| Net assets - end of year                              | \$ 1,841,451 |

See accompanying Notes to the Basic Financial Statements.

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## **FUND FINANCIAL STATEMENTS**

**Housing Authority of the City of Redding**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

|  | General<br>Fund     | Special Revenue |                      | Total<br>Governmental<br>Funds |
|--|---------------------|-----------------|----------------------|--------------------------------|
|  |                     | MOD 2           | Section 8<br>Voucher |                                |
| <b>ASSETS</b>                              |                     |                 |                      |                                |
| Current assets:                            |                     |                 |                      |                                |
| Cash and investments                       | \$ 936,780          | \$ -            | \$ 122,410           | \$ 1,059,190                   |
| Receivables:                               |                     |                 |                      |                                |
| Interest                                   | 2,946               | -               | 580                  | 3,526                          |
| Damage claims and overpayments             | -                   | -               | 41,483               | 41,483                         |
| Intergovernmental                          | 30,604              | -               | 687,587              | 718,191                        |
| Restricted assets:                         |                     |                 |                      |                                |
| Cash                                       | -                   | -               | 92,103               | 92,103                         |
| Non current assets:                        |                     |                 |                      |                                |
| Interfund receivable                       | -                   | -               | -                    | -                              |
| Intergovernmental receivables              | 169,856             | -               | -                    | 169,856                        |
| FSS emergency loans receivable             | -                   | -               | 1,852                | 1,852                          |
| <b>Total assets</b>                        | <b>\$ 1,140,186</b> | <b>\$ -</b>     | <b>\$ 946,015</b>    | <b>\$ 2,086,201</b>            |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>   |                     |                 |                      |                                |
| <b>Current liabilities:</b>                |                     |                 |                      |                                |
| Accounts payable                           | \$ -                | \$ -            | \$ 1,275             | \$ 1,275                       |
| Accrued liabilities                        | -                   | -               | 44,020               | 44,020                         |
| Intergovernmental payable                  | -                   | -               | 15,946               | 15,946                         |
| Deferred revenue                           | -                   | -               | 40,546               | 40,546                         |
| Deposits                                   | -                   | -               | 92,103               | 92,103                         |
| <b>Total liabilities</b>                   | <b>-</b>            | <b>-</b>        | <b>193,890</b>       | <b>193,890</b>                 |
| <b>Fund Balances:</b>                      |                     |                 |                      |                                |
| Reserved for:                              |                     |                 |                      |                                |
| Housing                                    | 1,140,186           | -               | 752,125              | 1,892,311                      |
| Unreserved, undesignated reported in:      |                     |                 |                      |                                |
| Special revenue funds                      | -                   | -               | -                    | -                              |
| <b>Total fund balances</b>                 | <b>1,140,186</b>    | <b>-</b>        | <b>752,125</b>       | <b>1,892,311</b>               |
| <b>Total liabilities and fund balances</b> | <b>\$ 1,140,186</b> | <b>\$ -</b>     | <b>\$ 946,015</b>    | <b>\$ 2,086,201</b>            |

See accompanying Notes to the Basic Financial Statements.

**Housing Authority of the City of Redding**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Government-Wide Statement of Net Assets**  
**June 30, 2009**

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|  |                            |
|--|----------------------------|
| <b>Total Fund Balances - Total Governmental Funds</b>  | \$ 1,892,311               |
| Capital assets have not been included as financial resources in governmental fund activity.                                  | 37,200                     |
| Accrued vacation and other leave not reported in governmental funds, but recorded as expense in the Statement of Activities. | (128,606)                  |
| Revenue reported as deferred revenue in the governmental funds was recorded as revenue in the Statement of Activities.       | <u>40,546</u>              |
| <b>Net Assets of Governmental Activities</b>   | <u><u>\$ 1,841,451</u></u> |

See accompanying Notes to the Basic Financial Statements.

**Housing Authority of the City of Redding**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2009**

|   | General<br>Fund | MOD 2<br>Special Revenue | Section 8<br>Voucher<br>Special Revenue | Total<br>Governmental<br>Funds |
|---|-----------------|--------------------------|---|--------------------------------|
| <b>REVENUES:</b>                            |                 |                          |   |                                |
| Intergovernmental revenues                  | \$ -            | \$ -                     | \$ 8,444,880                            | \$ 8,444,880                   |
| Interest revenue                            | 26,934          | -                        | 18,573                                  | 45,507                         |
| Other revenue                               | -               | -                        | 56,814                                  | 56,814                         |
| <b>Total revenues</b>                       | <b>26,934</b>   | <b>-</b>                 | <b>8,520,267</b>                        | <b>8,547,201</b>               |
| <b>EXPENDITURES:</b>                        |                 |                          |   |                                |
| Current:                                    |                 |                          |   |                                |
| Administrative                              | -               | -                        | 1,020,128                               | 1,020,128                      |
| Professional services                       | -               | -                        | 340                                     | 340                            |
| Rental assistance payments                  | -               | -                        | 8,026,270                               | 8,026,270                      |
| FSS service coordinator                     | -               | -                        | 62,498                                  | 62,498                         |
| <b>Total expenditures</b>                   | <b>-</b>        | <b>-</b>                 | <b>9,109,236</b>                        | <b>9,109,236</b>               |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>   | <b>26,934</b>   | <b>-</b>                 | <b>(588,969)</b>                        | <b>(562,035)</b>               |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                 |                          |   |                                |
| Transfers in                                | -               | 7,069                    |   | 7,069                          |
| Transfers out                               | -               | -                        | (7,069)                                 | (7,069)                        |
| <b>Total other financing sources (uses)</b> | <b>-</b>        | <b>7,069</b>             | <b>(7,069)</b>                          | <b>-</b>                       |
| <b>Net change in fund balances</b>          | <b>26,934</b>   | <b>7,069</b>             | <b>(596,038)</b>                        | <b>(562,035)</b>               |
| <b>FUND BALANCES:</b>                       |                 |                          |   |                                |
| Beginning of year                           | 1,113,252       | (7,069)                  | 1,348,163                               | 2,454,346                      |
| End of year                                 | \$ 1,140,186    | \$ -                     | \$ 752,125                              | \$ 1,892,311                   |

See accompanying Notes to the Basic Financial Statements.

**Housing Authority of the City of Redding**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes**  
**in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2009**

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|  |                            |
|--|----------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>  | \$ (562,035)               |
| Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets. They did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds.   | (12,718)                   |
| Intergovernmental revenue is reported in the period earned on the Government-Wide Statement of Activities and Changes in Net Assets, but is not reported until considered available to provide current financial resources in the governmental funds.  | (40,594)                   |
| Damage claims and overpayments (fraud) receivables are not expected to provide current financial resources. Therefore, the net change in fraud receivables is a change in deferred revenue on the governmental funds, but on the Government-Wide Statement of Activities and Changes in Net Assets the change is recorded as a revenue, reduction in revenue, or bad debt expense. | 2,784                      |
| Compensated absences in the Statement of Activities is reported as an expense but is not reported in the governmental funds.   | <u>(27,060)</u>            |
| <b>Change in Net Assets of Governmental Activities</b>   | <u><u>\$ (639,623)</u></u> |

See accompanying Notes to the Basic Financial Statements.

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# Housing Authority of the City of Redding

## Notes to the Basic Financial Statements

### For the years ended June 30, 2009

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#### 1. REPORTING ENTITY

The Housing Authority of the City of Redding (Authority), a component unit of the City of Redding, California (City), was established pursuant to the laws of the State of California to provide housing, transact business and to have those powers as defined by law. The Authority has entered into an annual contribution contract with the U.S. Department of Housing and Urban Development (HUD) pertaining to its Section 8 Housing Choice Vouchers Program.

The Authority is an integral part of the City, and the accompanying financial statements are being presented as governmental funds as a means of disclosing what has been presented to HUD in the required annual compliance reports, submitted on HUD's Real Estate Assessment Center (REAC) system. REAC collects and reviews data from housing authorities to assure the accuracy, timeliness and reliability of the information used by HUD to assess the condition of HUD's portfolio as well as to provide information to help ensure safe, decent and affordable housing and to restore the public trust by identifying fraud, abuse and waste of HUD resources.

The Authority is a Section 8 only housing authority that does not own its own rental property. Therefore the Authority has opted to maintain its records as a governmental fund and is accounted for as a special revenue fund. It is included on the City's financial statements as part of the Housing Special Revenue Fund along with components of the Redding Redevelopment Agency (RRA). As such, the accompanying financial statements will not agree to what is included in the City's financial statements due to the consolidation of RRA activities and assets in the Housing Fund.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the Authority, all of which conform to generally accepted accounting principles as applicable to governmental units. The Authority has elected to follow Governmental Accounting Standards Board (GASB) pronouncements, and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement Number 20.

##### *A. Basis of Accounting and Measurement Focus*

The government-wide financial statements are reported using the "*economic resources*" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The financial statements for the Authority are presented as General Fund and Special Revenue Funds, which are governmental funds. Governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenue to be available if they are collectible within sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred.

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2009**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Presentation***

**Major Funds**

The Authority reports all of its funds as major funds:

The General Fund is the fund the Authority uses for resources within the fund that are not HUD resources. These funds must be used for housing purposes, but are not restricted by HUD.

The MOD 2 Special Revenue Fund is for all activity in the Mod Rehab II program.

The Section 8 Voucher Special Revenue Fund is for all activity in the Section 8 Housing Choice Voucher program.

***C. Restricted Cash***

Restricted cash is recorded for all cash advances received as deposits for housing activities.

***D. Deferred/Unearned Revenue***

Unearned revenue in the governmental-wide financial statement is recognized for transactions for which revenues have not yet been earned. Typical transactions recorded as unearned revenues are unspent grant funds.

In the governmental fund financial statements, deferred revenue arises when potential revenues do not meet both "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Authority before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

***E. Net Assets***

Net Assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount is capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt:", or "restricted net assets."

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2009**

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*F. Use of Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. CASH AND INVESTMENTS**

The Authority maintains a separate bank account for Housing Assistance Payment (HAP) activity. Balances deemed not necessary for each month's HAP expenditures are kept in the Authority's Local Agency Investment Fund (LAIF) with the State Treasurer in order to maintain a higher return. Administrative costs are handled through the pooled cash of the City of Redding and reimbursements are made to the City monthly.

*A. Cash Deposits*

At June 30, 2009, the carrying amount of the Authority's deposits (unrestricted and restricted combined) was \$824,151. Bank balances before reconciling items were \$831,370 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the Authority's name as discussed below.

The California Government Code (Code) requires California banks and savings and loan associations to secure the Authority's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Authority's name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the Authority's cash deposits. California law also allows institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total cash deposits. The Authority may waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The Authority, however, has not waived the collateralization requirements.

*B. Investments*

The Authority reports its investments in accordance with Governmental Accounting Standards Board (GASB) Statement Number 31. This standard requires that the Authority's investments be reported at fair value with realized and unrealized gains or losses reported in the statement of revenues, expenditures and changes in fund balance

The Authority invests funds in the State Treasurer's Pooled Money Investment Account (PMIA) through the Local Agency Investment Fund (LAIF), a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee.

LAIF has oversight by the Local Agency Investment Advisory Board. The fair value of the Authority's position in the pool is materially equivalent to the value of pool shares.

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2009**

**3. CASH AND INVESTMENTS, Continued**

***B. Investments, Continued***

In accordance with authorized investment laws, LAIF invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. As of June 30, 2009, 14.71% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities as compared to 14.72% in the prior year. The City valued its investments in LAIF as of June 30, 2009, by multiplying its account balance with LAIF by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 1.001364207. No rating is available from a nationally recognized statistical rating organization for LAIF.

***C. Summary of Cash and Investments***

As of June 30, 2009, the Authority had the following cash and investments:

|  | Fair Value                 | Investment<br>Maturity in Year<br>Less Than<br>One Year |
|--|----------------------------|---|
|  | <u>Fair Value</u>          | <u>Less Than<br/>One Year</u>                           |
| <b>Cash and Investments:</b>                 |                            |   |
| <i>Deposits:</i>                             |                            |   |
| Cash in bank                                 | \$ 732,048                 | \$ 732,048  |
| Total deposits                               | <u>732,048</u>             | <u>732,048</u>  |
| <i>Investments:</i>                          |                            |   |
| Local Agency Investment Funds                | 327,142                    | 327,142   |
| Total investments                            | <u>327,142</u>             | <u>327,142</u>  |
| <b>Total Cash and Investments</b>            | <u><u>\$ 1,059,190</u></u> | <u><u>\$ 1,059,190</u></u>                              |
| <br><b>Restricted Cash:</b>                  |                            |   |
| <i>Deposits:</i>                             |                            |   |
| Cash in bank                                 | \$ 92,103                  | \$ 92,103   |
| <b>Total Restricted Cash and Investments</b> | <u><u>\$ 92,103</u></u>    | <u><u>\$ 92,103</u></u>                                 |

***D. Risk Disclosures***

**Interest Rate Risk** - In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to less than one year, with 100% of investments (Local Agency Investment Fund) being available on demand.

**Credit Risk** - The California Government Code and the investment policy of the Authority authorize the Authority to invest in obligations, participations, or other instruments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's Investor

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2009**

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**3. CASH AND INVESTMENTS, Continued**

Service, Inc., bankers' acceptances, repurchase agreements, medium-term notes of maximum five-year maturity with a rating category of A or its equivalent or better by a nationally recognized rating agency,

*D. Risk Disclosures, Continued*

and the State Treasurer's Investment Pool (LAIF). Reverse repurchase agreements may be made only when prior approval of the Board of Directors has been given.

Concentration of Credit Risk - The Authority has 28.4% of its cash invested with the LAIF. In addition to the safety provided by investing in high quality securities, LAIF's policies limit concentration risk by spreading investments over different investment types to minimize the impact of any one industry/investment class and by spreading investments over multiple credits/issuers within an investment type to minimize the credit exposure of the portfolio to any single firm or institution.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

Restricted Cash - Certain deposits are received by the Authority which are not part of pooled cash and investments, but are recorded and tracked separately as restricted assets until refunded or applied.

**4. CAPITAL ASSETS**

Changes in capital assets consisted of the following:

|                          | Balance<br>July 1, 2008 | Additions          | Deletions   | Balance<br>June 30, 2009 |
|--------------------------|-------------------------|--------------------|-------------|--------------------------|
| Vehicles & Equipment     | \$ 63,588               | \$ -               | \$ -        | \$ 63,588                |
| Total                    | <u>63,588</u>           | <u>-</u>           | <u>-</u>    | <u>63,588</u>            |
| Accumulated Depreciation | \$ 13,670               | \$ 12,718          | \$ -        | \$ 26,388                |
| Total                    | <u>13,670</u>           | <u>12,718</u>      | <u>-</u>    | <u>26,388</u>            |
| Net Capital Assets       | <u>\$ 49,918</u>        | <u>\$ (12,718)</u> | <u>\$ -</u> | <u>\$ 37,200</u>         |

Depreciation expense was \$12,718.

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2009**

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**5. DEFERRED REVENUES**

In the governmental fund financial statements the deferred revenue balance at June 30, 2009 was \$40,546. The balance consisted of the following:

- ◆ \$40,546 for damage claims and overpayments due from Housing program participants were considered by the Authority not to have met the conditions and criteria to be recognized as revenue.

In the government-wide financial statements the Authority has recognized the \$40,546 due from program participants for damage claims and overpayments as revenue, along with an associated bad debt expense, in the year that the receivable was recorded. As a result, the \$40,546 is not deferred revenue on the government-wide financial statements.

**6. COMPENSATED ABSENCES**

The Authority's changes in compensated absences for the year ended June 30, 2009 were as follows:

|                      | Balance<br>July 1, 2008 | Additions | Deletions | Balance<br>June 30, 2009 | Due within<br>One Year |
|----------------------|-------------------------|-----------|-----------|--------------------------|------------------------|
| Compensated Absences | \$ 101,546              | \$ 73,875 | \$ 46,815 | \$ 128,606               | \$ 33,415              |

**7. CONTINGENCIES**

Grants have been received by the Authority for specific purposes that are subject to review and additional audit by HUD. Such audits could lead to a request for reimbursement for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by HUD cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

**8. ECONOMIC DEPENDENCE**

The Authority is dependent upon grant funding from HUD for a significant portion of the Authority's operations. Grant receipts from HUD are subject to audits to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations.

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2009**

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**Housing Authority of the City of Redding**  
**Required Supplementary Information**  
**For the year ended June 30, 2009**

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**1. BUDGETARY PRINCIPLES**

**Budget Data**

The operating budget of the Authority is adopted by the Housing Board prior to July 1 each year primarily on a cash basis. The City Manager, of the City of Redding is authorized to transfer budget amounts between divisions of a department within any fund; however, any revisions that alter the total expenditures of any fund require a Housing Board resolution.

Budget information is adopted and presented for the Authority as a whole. The presentations represent original appropriations adjusted for supplemental appropriations, if any, made during the year.

Portions of fund equity are recorded as reserves when segregation for future use is necessary and the funds are, therefore, not available for future apportionment or expenditures.

**Summary of Differences between Budgetary Basis and Generally Accepted Accounting Principles (GAAP)**

The following are the differences between the Authority's budgetary basis and GAAP:

- A. The Authority does not budget for GASB 31 interest income.
- B. The Authority does not budget for accounts payable or intergovernmental payables.
- C. The Authority does not budget for benefit accruals.
- D. The Authority budgets for certain receivables and payables on a cash basis.
- E. Encumbrances are not included in the Statement of Revenue, Expenditures and Changes in Fund Balance

**Housing Authority of the City of Redding**  
**Required Supplementary Information**  
**For the year ended June 30, 2009**

|  | Budgeted Amounts    |                     | Actual<br>Amounts<br>Budgetary<br>Basis | Variance with<br>Final Budget-<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---|--|
|  | Original            | Final               |   |  |
| <b>REVENUES:</b>   |                     |                     |   |  |
| Intergovernmental revenues                                   | \$ 6,746,570        | \$ 7,462,110        | \$ 7,858,039                            | \$ 395,929   |
| Interest revenue   | 40,000              | 40,000              | 36,709                                  | (3,291)  |
| Other  | -                   | -                   | 65                                      | 65   |
| Total revenues   | <u>6,786,570</u>    | <u>7,502,110</u>    | <u>7,894,813</u>                        | <u>392,703</u>   |
| <b>EXPENDITURES:</b>   |                     |                     |   |  |
| Current:   |                     |                     |   |  |
| Community development  | <u>6,797,040</u>    | <u>8,042,620</u>    | <u>9,074,030</u>                        | <u>(1,031,410)</u>                                       |
| Total expenditures   | <u>6,797,040</u>    | <u>8,042,620</u>    | <u>9,074,030</u>                        | <u>(1,031,410)</u>                                       |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>(10,470)</u>     | <u>(540,510)</u>    | <u>(1,179,217)</u>                      | <u>(638,707)</u>   |
| Net change in fund balance                                   | <u>(10,470)</u>     | <u>(540,510)</u>    | <u>(1,179,217)</u>                      | <u>(638,707)</u>   |
| Beginning fund balance                                       | <u>2,454,346</u>    | <u>2,454,346</u>    | <u>2,454,346</u>                        | <u>-</u>   |
| Budgetary fund balances (deficit), end of year               | <u>\$ 2,443,876</u> | <u>\$ 1,913,836</u> | <u>\$ 1,275,129</u>                     | <u>\$ (638,707)</u>                                      |

Explanation of differences from the Statement of Revenues, Expenditures and Changes in Fund Balance to Actual Amounts Budgetary Basis Fund Balance from the Statement of Revenues, Expenditures and Changes in Fund Balance

|  |                     |
|--|---------------------|
| GAAP Basis Fund Balance  | \$ 1,892,311        |
| (1) GASB 31 investment FMV adjustment - not budgeted.  | (590)               |
| (2) The Authority does not budget for accounts payable adjustments.  | (576)               |
| (3) The Authority budgets for and records loans made in the expenditure accounts, but adjusts the actual disbursement to loans receivable.                           | (1,290)             |
| (4) The Authority budgets for and records loan payments received in the revenue accounts, but adjusts the actual payment to loans receivable.                        | 1,408               |
| (5) The Authority does not budget for rolling stock.   | (158)               |
| (6) The Authority budgets for grants on a cash basis.  | (615,193)           |
| (7) End of year encumbrances are included in actual expenditures budgetary basis, but are not included in the Statement of Revenues, Expenditures, and Fund Balance. | (547)               |
| (8) The Authority did not budget for transfers from the City of Redding Internal Service I   | (29,805)            |
| (9) The Authority budgets for interest income on notes receivable on a cash basis.   | (8,051)             |
| (10) The Authority budgeted and prepaid rent in a prior year, but adjusts the prepayment for the current year portion.   | 37,620              |
| Budgetary fund balance   | <u>\$ 1,275,129</u> |

The Authority's budget is approved at the entity-wide level, as it is a component unit of the City of Redding and is budgeted as a single fund within the City.

All activity for 2008-09 was in the Section 8 Voucher Special Revenue Fund, with the exception of \$26,934 of interest in the General Fund.

**Housing Authority of the City of Redding**  
**Notes to the Basic Financial Statements**  
**For the years ended June 30, 2009**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

The Affordable Housing Commission  
of the Housing Authority of the City of Redding  
Redding, California

We have audited the financial statements of the Housing Authority of the City of Redding (Authority), a component unit of the City of Redding (City), as of and for the year ended June 30, 2009, and have issued our report thereon dated December 9, 2009. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Housing Commission, others within the entity, and The State Controller and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Capricci & Carlson*

Oakland, California  
December 9, 2009

## **SUPPLEMENTARY INFORMATION**

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HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)  
Redding, CA

Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2009

|  | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Total       |
|--|-----------------------|--------------------------------|---|-------------|
| 111 Cash - Unrestricted  | \$936,780             | \$122,410                      | \$0   | \$1,059,190 |
| 112 Cash - Restricted - Modernization and Development          |                       |                                | \$0   |             |
| 113 Cash - Other Restricted                                    |                       | \$92,103                       | \$0   | \$92,103    |
| 114 Cash - Tenant Security Deposits                            |                       |                                | \$0   |             |
| 115 Cash - Restricted for Payment of Current Liabilities       |                       |                                | \$0   |             |
| 100 Total Cash   | \$936,780             | \$214,513                      | \$0   | \$1,151,293 |
| 121 Accounts Receivable - PHA Projects                         |                       | \$687,587                      | \$0   | \$687,587   |
| 122 Accounts Receivable - HUD Other Projects                   |                       |                                | \$0   |             |
| 124 Accounts Receivable - Other Government                     | \$200,460             |                                | \$0   | \$200,460   |
| 125 Accounts Receivable - Miscellaneous                        |                       | \$937                          | \$0   | \$937       |
| 126 Accounts Receivable - Tenants                              | \$0                   |                                | \$0   | \$0         |
| 126.1 Allowance for Doubtful Accounts - Tenants                | \$0                   |                                | \$0   | \$0         |
| 126.2 Allowance for Doubtful Accounts - Other                  | \$0                   | \$0                            | \$0   | \$0         |
| 127 Notes, Loans, & Mortgages Receivable - Current             |                       |                                | \$0   |             |
| 128 Fraud Recovery   |                       | \$245,266                      | \$0   | \$245,266   |
| 128.1 Allowance for Doubtful Accounts - Fraud                  | \$0                   | -\$204,720                     | \$0   | -\$204,720  |
| 129 Accrued Interest Receivable                                | \$2,946               | \$580                          | \$0   | \$3,526     |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$203,406             | \$729,650                      | \$0   | \$933,056   |
| 131 Investments - Unrestricted                                 |                       |                                | \$0   |             |
| 132 Investments - Restricted                                   |                       |                                | \$0   |             |
| 135 Investments - Restricted for Payment of Current Liability  |                       |                                | \$0   |             |
| 142 Prepaid Expenses and Other Assets                          |                       |                                | \$0   |             |
| 143 Inventories  |                       |                                | \$0   |             |

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)  
Redding, CA

Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2009

|   | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Total       |
|---|-----------------------|--------------------------------|---|-------------|
| 143.1 Allowance for Obsolete Inventories                      |                       |                                | \$0   |             |
| 144 Inter Program Due From                                    |                       |                                | \$0   |             |
| 145 Assets Held for Sale                                      |                       |                                | \$0   |             |
| 150 Total Current Assets                                      | \$1,140,186           | \$944,163                      | \$0   | \$2,084,349 |
| 161 Land  |                       |                                | \$0   |             |
| 162 Buildings   |                       |                                | \$0   |             |
| 163 Furniture, Equipment & Machinery - Dwellings              |                       |                                | \$0   |             |
| 164 Furniture, Equipment & Machinery - Administration         |                       |                                | \$0   |             |
| 165 Leasehold Improvements                                    |                       |                                | \$0   |             |
| 166 Accumulated Depreciation                                  |                       |                                | \$0   |             |
| 167 Construction in Progress                                  |                       |                                | \$0   |             |
| 168 Infrastructure  |                       |                                | \$0   |             |
| 160 Total Capital Assets, Net of Accumulated Depreciation     | \$0                   | \$0                            | \$0   | \$0         |
| 171 Notes, Loans and Mortgages Receivable - Non-Current       |                       | \$1,852                        | \$0   | \$1,852     |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past |                       |                                | \$0   |             |
| 173 Grants Receivable - Non Current                           |                       |                                | \$0   |             |
| 174 Other Assets  |                       |                                | \$0   |             |
| 176 Investments in Joint Ventures                             |                       |                                | \$0   |             |
| 180 Total Non-Current Assets                                  | \$0                   | \$1,852                        | \$0   | \$1,852     |
| 190 Total Assets  | \$1,140,186           | \$946,015                      | \$0   | \$2,086,201 |
| 311 Bank Overdraft  |                       |                                | \$0   |             |
| 312 Accounts Payable <= 90 Days                               |                       | \$1,275                        | \$0   | \$1,275     |

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)  
Redding, CA

Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2009

|     | 1 Business Activities                                      | 14.871 Housing Choice Vouchers | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Total     |
|-----|--|--------------------------------|---|-----------|
| 313 | Accounts Payable >90 Days Past Due                         |                                | \$0   |           |
| 321 | Accrued Wage/Payroll Taxes Payable                         | \$44,020                       | \$0   | \$44,020  |
| 322 | Accrued Compensated Absences - Current Portion             |                                | \$0   |           |
| 324 | Accrued Contingency Liability                              |                                | \$0   |           |
| 325 | Accrued Interest Payable                                   |                                | \$0   |           |
| 331 | Accounts Payable - HUD PHA Programs                        |                                | \$0   |           |
| 332 | Account Payable - PHA Projects                             |                                | \$0   |           |
| 333 | Accounts Payable - Other Government                        | \$15,946                       | \$0   | \$15,946  |
| 341 | Tenant Security Deposits                                   |                                | \$0   |           |
| 342 | Deferred Revenues  | \$40,546                       | \$0   | \$40,546  |
| 343 | Current Portion of Long-term Debt - Capital                |                                | \$0   |           |
| 344 | Current Portion of Long-term Debt - Operating Borrowings   |                                | \$0   |           |
| 345 | Other Current Liabilities                                  |                                | \$0   |           |
| 346 | Accrued Liabilities - Other                                |                                | \$0   |           |
| 347 | Inter Program - Due To                                     |                                | \$0   |           |
| 348 | Loan Liability - Current                                   |                                | \$0   |           |
| 310 | Total Current Liabilities                                  | \$0                            | \$101,787   | \$101,787 |
| 351 | Long-term Debt, Net of Current - Capital Projects/Mortgage |                                | \$0   |           |
| 352 | Long-term Debt, Net of Current - Operating Borrowings      |                                | \$0   |           |
| 353 | Non-current Liabilities - Other                            | \$92,103                       | \$0   | \$92,103  |
| 354 | Accrued Compensated Absences - Non Current                 |                                | \$0   |           |
| 355 | Loan Liability - Non Current                               |                                | \$0   |           |
| 356 | FASB 5 Liabilities   |                                | \$0   |           |
| 357 | Accrued Pension and OPEB Liabilities                       |                                | \$0   |           |
| 350 | Total Non-Current Liabilities                              | \$0                            | \$92,103  | \$92,103  |

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)  
 Redding, CA

**Program Balance Sheet Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2009

|   | 1 Business Activities | 14,871 Housing Choice Vouchers | 14,856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat | Total       |
|---|-----------------------|--------------------------------|---|-------------|
| 300 Total Liabilities                       | \$0                   | \$193,890                      | \$0   | \$193,890   |
| 509.2 Fund Balance Reserved                 | \$0                   | \$508,830                      | \$0   | \$508,830   |
| 511.2 Unreserved, Designated Fund Balance   | \$0                   | \$0                            | \$0   | \$0         |
| 512.2 Unreserved, Undesignated Fund Balance | \$1,140,186           | \$243,295                      | \$0   | \$1,383,481 |
| 513 Total Equity/Net Assets                 | \$1,140,186           | \$752,125                      | \$0   | \$1,892,311 |
| 600 Total Liabilities and Equity/Net Assets | \$1,140,186           | \$946,015                      | \$0   | \$2,086,201 |

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)  
Redding, CA

**Program Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2009

|   | 1 Business Activities | 14,871 Housing Choice Vouchers | 14,856 Lower Income Housing Assistance Program_Section 8 Moderate | Total       |
|---|-----------------------|--------------------------------|---|-------------|
| 70300 Net Tenant Rental Revenue                         |                       |                                | \$0   |             |
| 70400 Tenant Revenue - Other                            |                       |                                | \$0   |             |
| 70500 Total Tenant Revenue                              | \$0                   | \$0                            | \$0   | \$0         |
| 70600 HUD PHA Operating Grants                          |                       | \$8,443,829                    | \$0   | \$8,443,829 |
| 70610 Capital Grants                                    |                       |                                | \$0   |             |
| 70710 Management Fee                                    |                       |                                | \$0   |             |
| 70720 Asset Management Fee                              |                       |                                | \$0   |             |
| 70730 Book Keeping Fee                                  |                       |                                | \$0   |             |
| 70740 Front Line Service Fee                            |                       |                                | \$0   |             |
| 70750 Other Fees  |                       |                                | \$0   |             |
| 70700 Total Fee Revenue                                 |                       |                                | \$0   |             |
| 70800 Other Government Grants                           |                       |                                | \$0   |             |
| 71100 Investment Income - Unrestricted                  | \$26,934              | \$1,498                        | \$0   | \$28,432    |
| 71200 Mortgage Interest Income                          |                       |                                | \$0   |             |
| 71300 Proceeds from Disposition of Assets Held for Sale |                       |                                | \$0   |             |
| 71310 Cost of Sale of Assets                            |                       |                                | \$0   |             |
| 71400 Fraud Recovery                                    |                       | \$24,221                       | \$0   | \$24,221    |
| 71500 Other Revenue                                     |                       | \$44,786                       | \$0   | \$44,786    |
| 71600 Gain or Loss on Sale of Capital Assets            |                       |                                | \$0   |             |
| 72000 Investment Income - Restricted                    |                       | \$17,075                       | \$0   | \$17,075    |
| 70000 Total Revenue                                     | \$26,934              | \$8,531,409                    | \$0   | \$8,558,343 |
| 91100 Administrative Salaries                           |                       | \$470,218                      | \$0   | \$470,218   |

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)  
Redding, CA

**Program Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2009

|  | 1 Business Activities | 14,871 Housing Choice Vouchers | 14,856 Lower Income Housing Assistance Program_Section 8 Moderate | Total       |
|--|-----------------------|--------------------------------|---|-------------|
| 91200 Auditing Fees                                    |                       | \$340                          | \$0   | \$340       |
| 91300 Management Fee                                   |                       |                                | \$0   |             |
| 91310 Book-keeping Fee                                 |                       |                                | \$0   |             |
| 91400 Advertising and Marketing                        |                       |                                | \$0   |             |
| 91500 Employee Benefit contributions - Administrative  |                       | \$288,899                      | \$0   | \$288,899   |
| 91600 Office Expenses                                  |                       | \$180,150                      | \$0   | \$180,150   |
| 91700 Legal Expense                                    |                       |                                | \$0   |             |
| 91800 Travel   |                       |                                | \$0   |             |
| 91810 Allocated Overhead                               |                       | \$80,860                       | \$0   | \$80,860    |
| 91900 Other  |                       |                                | \$0   |             |
| 91000 Total Operating - Administrative                 | \$0                   | \$1,020,467                    | \$0   | \$1,020,467 |
| 92000 Asset Management Fee                             |                       |                                | \$0   |             |
| 92100 Tenant Services - Salaries                       |                       | \$38,689                       | \$0   | \$38,689    |
| 92200 Relocation Costs                                 |                       |                                | \$0   |             |
| 92300 Employee Benefit Contributions - Tenant Services |                       | \$23,809                       | \$0   | \$23,809    |
| 92400 Tenant Services - Other                          |                       |                                | \$0   |             |
| 92500 Total Tenant Services                            | \$0                   | \$62,498                       | \$0   | \$62,498    |
| 93100 Water  |                       |                                | \$0   |             |
| 93200 Electricity                                      |                       |                                | \$0   |             |
| 93300 Gas  |                       |                                | \$0   |             |
| 93400 Fuel   |                       |                                | \$0   |             |
| 93500 Labor  |                       |                                | \$0   |             |
| 93600 Sewer  |                       |                                | \$0   |             |
| 93700 Employee Benefit Contributions - Utilities       |                       |                                | \$0   |             |

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)  
Redding, CA

**Program Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2009

|   | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate | Total |
|---|-----------------------|--------------------------------|---|-------|
| 93800 Other Utilities Expense                               |                       |                                | \$0   |       |
| 93000 Total Utilities                                       | \$0                   | \$0                            | \$0   | \$0   |
| 94100 Ordinary Maintenance and Operations - Labor           |                       |                                | \$0   |       |
| 94200 Ordinary Maintenance and Operations - Materials and   |                       |                                | \$0   |       |
| 94300 Ordinary Maintenance and Operations Contracts         |                       |                                | \$0   |       |
| 94500 Employee Benefit Contributions - Ordinary Maintenance |                       |                                | \$0   |       |
| 94000 Total Maintenance                                     | \$0                   | \$0                            | \$0   | \$0   |
| 95100 Protective Services - Labor                           |                       |                                | \$0   |       |
| 95200 Protective Services - Other Contract Costs            |                       |                                | \$0   |       |
| 95300 Protective Services - Other                           |                       |                                | \$0   |       |
| 95500 Employee Benefit Contributions - Protective Services  |                       |                                | \$0   |       |
| 95000 Total Protective Services                             | \$0                   | \$0                            | \$0   | \$0   |
| 96110 Property Insurance                                    |                       |                                | \$0   |       |
| 96120 Liability Insurance                                   |                       |                                | \$0   |       |
| 96130 Workmen's Compensation                                |                       |                                | \$0   |       |
| 96140 All Other Insurance                                   |                       |                                | \$0   |       |
| 96100 Total insurance Premiums                              | \$0                   | \$0                            | \$0   | \$0   |
| 96200 Other General Expenses                                |                       |                                | \$0   |       |
| 96210 Compensated Absences                                  |                       |                                | \$0   |       |
| 96300 Payments in Lieu of Taxes                             |                       |                                | \$0   |       |
| 96400 Bad debt - Tenant Rents                               |                       |                                | \$0   |       |
| 96500 Bad debt - Mortgages                                  |                       |                                | \$0   |       |

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)  
Redding, CA

**Program Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2009

|   | 1 Business Activities | 14,871 Housing Choice Vouchers | 14,856 Lower Income Housing Assistance Program_Section 8 Moderate | Total       |
|---|-----------------------|--------------------------------|---|-------------|
| 96600 Bad debt - Other                                    |                       | \$0                            | \$0   |             |
| 96800 Severance Expense                                   |                       |                                | \$0   |             |
| 96000 Total Other General Expenses                        | \$0                   | \$0                            | \$0   | \$0         |
| 96710 Interest of Mortgage (or Bonds) Payable             |                       |                                | \$0   |             |
| 96720 Interest on Notes Payable (Short and Long Term)     |                       |                                | \$0   |             |
| 96730 Amortization of Bond Issue Costs                    |                       |                                | \$0   |             |
| 96700 Total Interest Expense and Amortization Cost        | \$0                   | \$0                            | \$0   | \$0         |
| 96900 Total Operating Expenses                            | \$0                   | \$1,082,965                    | \$0   | \$1,082,965 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$26,934              | \$7,448,444                    | \$0   | \$7,475,378 |
| 97100 Extraordinary Maintenance                           |                       |                                | \$0   |             |
| 97200 Casualty Losses - Non-capitalized                   |                       |                                | \$0   |             |
| 97300 Housing Assistance Payments                         |                       | \$8,026,271                    | \$0   | \$8,026,271 |
| 97350 HAP Portability-In                                  |                       | \$11,142                       | \$0   | \$11,142    |
| 97400 Depreciation Expense                                |                       |                                | \$0   |             |
| 97500 Fraud Losses  |                       |                                | \$0   |             |
| 97600 Capital Outlays - Governmental Funds                | \$0                   | \$0                            | \$0   | \$0         |
| 97700 Debt Principal Payment - Governmental Funds         | \$0                   | \$0                            | \$0   | \$0         |
| 97800 Dwelling Units Rent Expense                         |                       |                                | \$0   |             |
| 90000 Total Expenses                                      | \$0                   | \$9,120,378                    | \$0   | \$9,120,378 |
| 10010 Operating Transfer In                               |                       |                                | \$0   |             |
| 10020 Operating transfer Out                              |                       |                                | \$0   |             |

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)  
Redding, CA

**Program Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2009

|   | 1 Business Activities | 14,871 Housing Choice Vouchers | 14,856 Lower Income Housing Assistance Program_Section 8 Moderate | Total       |
|---|-----------------------|--------------------------------|---|-------------|
| 10030 Operating Transfers from/to Primary Government            |                       |                                | \$0   |             |
| 10040 Operating Transfers from/to Component Unit                |                       |                                | \$0   |             |
| 10050 Proceeds from Notes, Loans and Bonds                      |                       |                                | \$0   |             |
| 10060 Proceeds from Property Sales                              |                       |                                | \$0   |             |
| 10070 Extraordinary Items, Net Gain/Loss                        |                       |                                | \$0   |             |
| 10080 Special Items (Net Gain/Loss)                             |                       |                                | \$0   |             |
| 10091 Inter Project Excess Cash Transfer In                     |                       |                                | \$0   |             |
| 10092 Inter Project Excess Cash Transfer Out                    |                       |                                | \$0   |             |
| 10093 Transfers between Program and Project - In                |                       |                                | \$7,069   | \$7,069     |
| 10094 Transfers between Project and Program - Out               |                       |                                | \$0   | -\$7,069    |
| 10100 Total Other financing Sources (Uses)                      | \$0                   | -\$7,069                       | \$7,069   | \$0         |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total   | \$26,934              | -\$596,038                     | \$7,069   | -\$562,035  |
| 11020 Required Annual Debt Principal Payments                   | \$0                   | \$0                            | \$0   | \$0         |
| 11030 Beginning Equity  | \$1,113,252           | \$1,374,891                    | -\$7,069  | \$2,481,074 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction | \$0                   | -\$26,728                      | \$0   | -\$26,728   |
| 11050 Changes in Compensated Absence Balance                    | \$0                   | \$27,060                       | \$0   | \$27,060    |
| 11060 Changes in Contingent Liability Balance                   | \$0                   | \$0                            | \$0   | \$0         |
| 11070 Changes in Unrecognized Pension Transition Liability      | \$0                   | \$0                            | \$0   | \$0         |
| 11080 Changes in Special Term/Severance Benefits Liability      | \$0                   | \$0                            | \$0   | \$0         |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling     | \$0                   | \$0                            | \$0   | \$0         |
| 11100 Changes in Allowance for Doubtful Accounts - Other        | \$0                   | \$0                            | \$0   | \$0         |
| 11170 Administrative Fee Equity                                 |                       | \$243,295                      | \$0   | \$243,295   |
| 11180 Housing Assistance Payments Equity                        |                       | \$508,630                      | \$0   | \$508,630   |

HOUSING AUTHORITY OF THE CITY OF REDDING (CA106)  
Redding, CA

**Program Revenue and Expense Summary**

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2009

|  | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.856 Lower Income Housing Assistance Program_Section 8 Moderate | Total |
|--|-----------------------|--------------------------------|---|-------|
| 11190 Unit Months Available                            | 0                     | 18336                          | 0   | 18336 |
| 11210 Number of Unit Months Leased                     | 0                     | 18561                          | 0   | 18561 |
| 11270 Excess Cash                                      |                       |                                | \$0   |       |
| 11610 Land Purchases                                   |                       |                                | \$0   |       |
| 11620 Building Purchases                               |                       |                                | \$0   |       |
| 11630 Furniture & Equipment - Dwelling Purchases       |                       |                                | \$0   |       |
| 11640 Furniture & Equipment - Administrative Purchases |                       |                                | \$0   |       |
| 11650 Leasehold Improvements Purchases                 |                       |                                | \$0   |       |
| 11660 Infrastructure Purchases                         |                       |                                | \$0   |       |
| 13510 CFFP Debt Service Payments                       |                       |                                | \$0   |       |
| 13901 Replacement Housing Factor Funds                 |                       |                                | \$0   |       |